

September 17, 2007

The Honorable Michael O. Leavitt
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Secretary Leavitt:

Governors are deeply troubled by new Centers for Medicare and Medicaid Services (CMS) mandates that limit state flexibility under the State Children's Health Insurance Program (SCHIP) for those states that provide SCHIP eligibility for children of families with income levels at or above 250 percent of the Federal poverty level (FPL). In fact one state has already been a victim of these new rules, which sets an unfortunate precedent that will negatively affect all states with existing programs or plans to expand coverage for children. Released as a measure to address the substitution of SCHIP for private insurance, the requirements amount to a unilateral restriction on state authority to provide health insurance coverage for children and undermine the foundation of the state-federal partnership upon which SCHIP was built.

The requirements articulated in the CMS letter of August 17, 2007, fundamentally alter the authority given to states under SCHIP to craft and operate health care programs that best serve their constituents. Flexibility to set coverage levels is a basic tenet of this vital and successful program and one repeatedly endorsed by this Administration when it granted permission to multiple states to expand their coverage options. The CMS clarification reverses this policy by mandating administrative requirements that could result in hundreds of thousands of children and tens of thousands of adults losing health insurance.

States stand at the forefront of policy innovation and governors are leading the way to create meaningful and sustainable coverage options for their uninsured populations. Governors have repeatedly called upon Congress and the Administration to reauthorize SCHIP before it expires in September. The CMS decision to limit coverage options for states and unilaterally alter existing state plans is contrary to our shared responsibility of working cooperatively to provide health coverage for uninsured children.

Governors call upon CMS to reiterate its commitment to the state-federal partnership under SCHIP by immediately rescinding its August 17, 2007, letter and joining governors in our efforts to reauthorize SCHIP this year.

Sincerely,

Governor Eliot Spitzer
State of New York

Governor Arnold Schwarzenegger
State of California

Governor Christine O. Gregoire
State of Washington

Governor Jon S. Corzine
State of New Jersey

Governor Jennifer M. Granholm
State of Michigan

Governor Kathleen Sebelius
State of Kansas

Governor Ted Strickland
State of Ohio

Governor Rod Blagojevich
State of Illinois

Governor M. Jodi Rell
State of Connecticut

Governor Brad Henry
State of Oklahoma

Governor John Lynch
State of New Hampshire

Governor Theodore R. Kulongoski
State of Oregon

Governor Janet Napolitano
State of Arizona

Governor Bill Richardson
State of New Mexico

Governor Edward G. Rendell
Commonwealth of Pennsylvania

Governor Ruth Ann Minner
State of Delaware

Governor Chester J. Culver
State of Iowa

Governor Kathleen Babineaux Blanco
State of Louisiana

Governor James Douglas
State of Vermont

Governor Mike Beebe
State of Arkansas

Governor John Baldacci
State of Maine

Governor Bill Ritter
State of Colorado

Governor M. Michael Rounds
State of South Dakota

Governor Dave Freudenthal
State of Wyoming

Governor Deval Patrick
Commonwealth of Massachusetts

Governor Martin O'Malley
State of Maryland

Governor Donald L. Carcieri
State of Rhode Island

Governor Joe Manchin III
State of West Virginia

Governor Aníbal Acevedo Vilá
Puerto Rico

Governor John deJongh, Jr.
U.S. Virgin Islands